

LAS QUINTAS SERENAS WATER CO

P.O. Box 68

Sahuarita, Arizona 85629

Telephone: 520.623.8040 Facsimile: 520.648.3520

ORIGINAL

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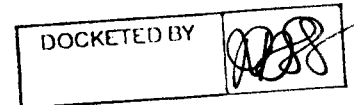
July 22, 2010

AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission
DOCKETED

JUL 26 2010

Mr. Steve M. Olea; Director—Utilities Division
Arizona Corporation Commission
1200 W. Washington
Phoenix, Arizona 85007-2996



Subject: Arsenic Impact Hook-Up Fee Report, Decision No. 68863

Dear Mr. Olea;

Ray Romero, the General Manager for Las Quintas Serenas Water Company, has requested that I submit the enclosed the Arsenic Impact Hook-Up Fee (AIH) Report for the calendar year ending December 31, 2009. For your convenience, I have summarized the reported account activity below.

Summary of the Arsenic Impact Hook-Up Fee Report for 2009

132.1	AI Fees Account (Beginning Balance)	\$	1,342.44
	Fees	\$	65,263.00
	Total Monies Collected	\$	66,605.44
	Water Infrastructure Finance Authority (WIFA) Loan Payments *	\$	-60,119.90
	Funds Transfer	\$	-6,214.43
	Bank Service Charges	\$	-290.41
	Total Paid	\$	-66,624.74
	Account Activity Balance as of December 31, 2009	\$	-19.30

* WIFA loan payment amount was calculated using figures taken from the original WIFA Loan Agreement (Exhibit A) dated October 17, 2006 in support of the Arizona Corporation Commission Decision No. 68718 (\$14,428.77 Minimum Payment - \$2,404.79 Debt Service Reserve).

In addition to the aforementioned, and in conjunction with the other services I currently provide the Company, I found the following: 1) it appears that the Arizona Corporation Commission (ACC) did not receive any filings of the Company's AIH reports for years 2006, 2007-2008, and 2009; 2) certain discrepancies were present in the 2007-2008 AIH report; and 3) a transfer of funds from the Arsenic Impact Fee Account (AI Fees) on May 18, 2009 was inadvertently undertaken by a former employee and, as a consequence, the bank subsequently closed the account due to outstanding bank service charges.

I have been in contact with Ms. Carmel Hood in the ACC Compliance Section, and she has agreed to post all of the AIH reports in question (2006, 2007-2008 and 2009) upon her receipt of the documents which I will be sending her via e-mail this afternoon. The reports will also be submitted to Docket Control.

The discrepancies in the 2007-2008 AIH Report appear to be within the summarized figures included in the report's cover letter as they do not balance with the total amounts provided in the contents of the report. The Company does not know why the reconciliation between the documents was not completed as the individual who finalized this report and its cover letter left the employ of the Company in

W-01583A-06-0436

LAS QUINTAS SERENAS WATER COMPANY

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September 2009. In addition, because of this individual's unavailability, the Company does not know why the report was not submitted in January 2009, at the time it was due.

I discussed my findings with the Mr. Romero and after learning of the inadvertent transfer of funds and the subsequent closure of the Company's bank account, it is my understanding that he intends to establish a new bank account for the sole purpose of the management of the Arsenic Impact Hook-up Fees funds and to restore the inadvertently transferred funds, totaling \$6,214.43, to this account within the next week.

If you have any questions, or need additional clarification, please do not hesitate to contact me either on my cellular or by e-mail.

Sincerely,



Kaycee Conger; Consultant (Third Party)
Las Quintas Serenas Water Company

cc: Brian K. Bozzo; Manager, Compliance Section
Carmel Hood; Officer, Compliance Section (e-mail)
Docket Control
LQS Report File

W-01583A-06-0436

LAS QUINTAS SERENAS WATER COMPANY
ARSENIC IMPACT HOOK-UP FEES REPORT 2009
DECISION NO. 68863

Date	Payee	Account	Interest Bearing Account		
			Payment	Deposit	Balance
30-Apr-07	Beginning Balance			\$1,342.44	\$1,342.44
2-May-07	Tucson Land, LLC	1043		\$1,135.00	\$2,477.44
2-May-07	Tucson Land, LLC	1044		\$1,135.00	\$3,612.44
2-May-07	Tucson Land, LLC	1045		\$1,135.00	\$4,747.44
21-Jun-07	Town of Sahuarita	984		\$56,750.00	\$61,497.44
30-Jun-07	Service Charge		\$24.91		\$61,472.53
1-Nov-07	WIFA Loan Payment		\$12,023.98		\$49,448.55
6-Nov-07	Andrea Hacienda	900		\$2,838.00	\$52,286.55
14-Nov-07	LCN II HOA	895		\$1,135.00	\$53,421.55
1-Dec-07	WIFA Loan Payment		\$12,023.98		\$41,397.57
1-Feb-08	WIFA Loan Payment		\$12,023.98		\$29,373.59
9-Feb-08	Frank Gonzalez	828		\$1,135.00	\$30,508.59
31-Mar-08	Service Charge		\$3.39		\$30,505.20
30-Apr-08	Service Charge		\$3.77		\$30,501.43
31-May-08	Service Charge		\$3.39		\$30,498.04
30-Jun-08	Service Charge		\$10.58		\$30,487.46
31-Jul-08	Service Charge		\$10.44		\$30,477.02
30-Aug-08	Service Charge		\$10.44		\$30,466.58
1-Sep-08	WIFA Loan Payment		\$12,023.98		\$18,442.60
1-Oct-08	WIFA Loan Payment		\$12,023.98		\$6,418.62
30-Sep-08	Service Charge		\$10.60		\$6,408.02
31-Oct-08	Service Charge		\$11.47		\$6,396.55
30-Nov-08	Service Charge		\$12.71		\$6,383.84
31-Dec-08	Service Charge		\$13.85		\$6,369.99
31-Jan-09	Service Charge		\$13.85		\$6,356.14
28-Feb-09	Service Charge		\$13.97		\$6,342.17
31-Mar-09	Service Charge		\$13.85		\$6,328.32
30-Apr-09	Service Charge		\$13.89		\$6,314.43
18-May-09	Funds Transfer		\$6,214.43		\$100.00
31-May-09	Service Charge		\$14.33		\$85.67
30-Jun-09	Service Charge		\$14.99		\$70.68
31-Jul-09	Service Charge		\$14.99		\$55.69
31-Aug-09	Service Charge		\$14.99		\$40.70
30-Sep-09	Service Charge		\$15.00		\$25.70
31-Oct-09	Service Charge		\$15.00		\$10.70
30-Nov-09	Service Charge		\$15.00		-\$4.30
31-Dec-09	Service Charge		\$15.00		-\$19.30

LAS QUINTAS SERENAS WATER COMPANY

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December 31, 2008

Mr. Steve M. Olea; Asst Director—Utilities Division
Arizona Corporation Commission
1200 W. Washington
Phoenix, Arizona 85007-2996

Subject: Arsenic Impact Hook-Up Fee Report, Decision No. 68863

Dear Mr. Olea;

Enclosed you will find the Arsenic Impact Hook-Up Fee Report for the calendar year ending December 31, 2008 for Las Quintas Serenas Water Company. I have included the summary below.

Summary of the Arsenic Impact Hook-Up Fee Report for 2007-2008

131.1	AI Fees Account (Beginning Balance)	\$	1,342.44
	Fees	\$	65,263.00
	Total Monies Collected	\$	66,605.44
	Water Infrastructure Finance Authority (WIFA) Loan Payments *	\$	-60,119.90
	Bank Service Charges	\$	-66.92
	Total Paid	\$	-60,186.82
	Account Activity Balance as of December 31, 2008	\$	6,418.62

* WIFA loan payment amount was calculated using figures taken from the original WIFA Loan Agreement (Exhibit A) dated October 17, 2006 in support of the Arizona Corporation Commission Decision No. 68718 (\$14,428.77 Minimum Payment - \$2,404.79 Debt Service Reserve).

If you have any questions, or need additional clarification, please do not hesitate to contact me at (520) 625-8040.

Sincerely,

COPY
Dale D. Shahan; Administrative Manager
Las Quintas Serenas Water Company

cc: Brian K. Bozzo; Manager, Compliance Section
report file

W-01583A-06-0436

LAS QUINTAS SERENAS WATER COMPANY
ARSENIC IMPACT HOOK-UP FEES REPORT 2007-2008
DECISION NO. 68863

Date	Payee	Account	Interest Bearing Account		
			Payment	Deposit	Balance
30-Apr-07	Beginning Balance			\$1,342.44	\$1,342.44
2-May-07	Tucson Land, LLC	1043		\$1,135.00	\$2,477.44
2-May-07	Tucson Land, LLC	1044		\$1,135.00	\$3,612.44
2-May-07	Tucson Land, LLC	1045		\$1,135.00	\$4,747.44
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30-Sep-08	Service Charge		\$10.60		\$6,408.02
31-Oct-08	Service Charge		\$11.47		\$6,396.55
30-Nov-08	Service Charge		\$12.71		\$6,383.84
31-Dec-08	Service Charge		\$13.85		\$6,369.99
31-Jan-09	Service Charge		\$13.85		\$6,356.14

**LAS QUINTAS SERENAS WATER COMPANY
ARSENIC IMPACT HOOK-UP FEES REPORT 2006
DECISION NO. 68863**

Date	Payee	Account	Interest Bearing Account		
			Payment	Deposit	Balance
NO ACTIVITY TO REPORT FOR THIS YEAR					